

THE CROWN

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THE RIGHTFUL DEPOSITARY

or

MONETARY CREDIT.

By R. G.



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MONETARY CREDIT.

If there be one thing more momentously important to society than another, it is that money, or the instrument which regulates national supply and demand, distributes wealth, and adjusts wages, should be essentially just.—Whether such instrument consist exclusively of the precious metals, a pure symbol, or both combined; equity between class and class, imperatively demands, that it should be definite and impartial. Yet experience and all sound reasoning show, that a “metallie currency,” for a double reason, never has fulfilled, and never can fulfil such functions. First, because a specific amount is impossible, when the power resides with individuals:—and secondly, because a symbol entirely dependent upon a metal undergoing ceaseless change, may become all-powerful for evil as for good.

The “precious metals,” it ought to be well observed, not only constitute a “representative” power, but are an absolute substitute for property *throughout the world*; while every symbol, is but the representative of Credit. Whether then such credit should belong to a portion only of the community, “a corporation,” or the State, cannot constitute a question; since it were utterly preposterous to suppose that any but the latter ought to possess such advantage. “privilege,” or “profit” Even these terms, however, very inadequately express the injustice of the power having hitherto resided elsewhere; seeing Banking credit alone, may seem thereby implied—while in truth, the whole industrial credit of the country has suffered. To particularise such *banking* injustice, were not difficult; but it would require a volume to expose the injustice which a false credit has entailed upon industry through all its branches.

True, an enormously ramified and inflated Bill credit has aided the producer, but has it, to a like extent, benefited the consuming millions? If not, and many things (without any profound reasoning) demonstrate it has not; then may not the momentum of such injustice, going on for years, explain the admitted struggle of Capital and Labour? The field of operation, in its amplest sense, is necessarily confined to a definite circumference, within which supply and demand must adjust themselves; and were manual labour alone concerned, there could be no difficulty. But it has proved otherwise with the illimitable powers of machinery—Doubtless the Foreign Exchanges, under any and every system of money, must be settled in gold. Yet for this purpose, as all others, a currency based upon the absolute requirements of society, and not upon an impracticable theory, were infinitely preferable. Even Mr. Pitt, during the last

war, for no inconsiderable period, found no difficulty, externally or internally, in its prosecution; nor needed there, in after times to have been any, had the agent of distribution been justly administered.

All who have well considered the subject of a purely symbolic currency,—thus shown to be absolutely necessary,—must have found the mode of its introduction their chief difficulty. Now, for such purpose, the British funds offer the most facile channel imaginable. Let but Government, in the State's name, and under adequate safeguards, originate a State-Note department, and with the notes issuing therefrom, purchase (and cancel) certain portions of the National debt; and more would be accomplished to give the national industry a right direction, than legislation has performed for years.

But objections, of various kinds, are raised to such procedure. First, it is denied that Bills of Exchange constitute money. Second, there are surmises that Government issues would become excessive. Third, many persons believe there is a lurking fraud concealed under the proposal—I shall endeavour to answer each objection, fully and fairly, in the order here observed.

1. If Bills of Exchange possess both a representative and circulating aptitude,—in what respect, but in name, or in having a fixed time (*ever re-producible*) to circulate, can they essentially differ from Bank notes? The public being better acquainted with the issues of the latter, for that reason, may give such notes a preference: but practically, the “security,” and facility of transfer, are one and the same. Again—is it not a fact that Britain's commerce is, and can only be carried on by such means; every merchant and trader using Bills (by discount or otherwise) precisely as money? That the circulating power of Bills is enormous, may be inferred from their large increase; their amount having progressed from 200 millions in 1838, to at least 500 millions! in 1851.

2. With regard to the fear of excessive issues—the French “assignats” are often instanced as an illustration. Repletion and absorption, are nature's undeviating economy, and so ought they to be of currency. Circulating from labour, as the centre or starting point, to the circumference, and thence again to the centre with undiminished activity; thus only can the unity of society be maintained. But was it thus with the assignats in question? So far from it, a continuous overflow necessarily overwhelmed both labour and property.—But there is no need to travel abroad: the whole Bill fabric at home, though more progressively, offers ample illustration of what has been done—*where least suspected*. While supposing that a few millions more or less of Bank notes (inconsiderately enough) were regulated by the stock of gold; the whole leverage by which Britain's mighty industry has been moved, has gone on advancing in amount, till it now constitutes a responsibility equal to two-thirds of the National debt! As a general principle, provided it act impartially, it matters not whether money be of large aggregate amount or small; but throughout its entire operation, this potent Bill engine, has preserved the exclusive character just noticed, pushing unerringly, or rather by a necessary impulse, its influence to the ends of the earth. In other words, what is called “capital,” has placed

labour,—the founder and fashioner of wealth,—beyond the pale of a just sympathy; not designedly, or illegally—but through the action of a currency which most men (apparently) seem to have resigned to “fate!”

3. It is contended by many that an “inconvertible” symbol, is stamped with fraud on its very front. As though a mere name, for the proposition rests on nothing more, could derogate from any measure. It were bootless to prove the continual abeyance and uselessness of this long cherished quasi principle, seeing a pure symbol could no more lessen the actual capacity of the State to discharge every engagement, than were its convertibility beyond questioning. Nay, were such *ignis fatuus* abandoned, and the action of money uniformly just, everything would wear an improving aspect, seeing labour, or rather, labour’s worth, would thus proportionably help forward the common weal. Till proved, therefore, that labour would suffer, it is idle to suppose that either Britain’s resources or credit, could in the slightest degree become impaired. Labour’s prosperity alone constitutes, if not the standard of value, at least its ultimate test. Though pertinaciously affirmed, that (*indirectly*) labour has shared in every benefit of the Bill system; just as truly might it be insisted on, that a nation with a purely metallic standard, and another with an elaborately methodised paper currency, could trade together with mutually *permanent* advantage. The diffusion of wealth at home and abroad, upon a principle of perfect equity, without a just currency (which neither a “convertible” note, nor “inconvertible” bill system, can insure) is simply a moral impossibility.

Having then disposed of these objections, I would incidentally mention, that all who have even superficially scanned these subjects, have been puzzled to ascertain any adequate cause for Britain’s multiplied anomalies, and frequently recurring perplexities. Nor can it be wondered at. Apart from physical causes, ingenuity itself could discover nothing but a disordered currency. It is the one-sided action of her circulating medium, which Sisyphus-like, has rolled back wealth’s spring tide, by preventing its diffusion, and caused competition (itself a good) to nullify the national strength by narrowing its main support,—the proportionate wellbeing of the masses. Nor have such evils been confined to Britain. There is much to confirm the opinion, that in a greater or less degree, they have spread throughout Christendom. At first sight it seems astounding, that in ages passed away, such agent (money) should not have more arrested attention; that both its importance, and the quality of the instrument, (as amongst the most essential deductions of reason) should not long since have been placed beyond the region of doubt. But the truth is, man’s ingenuity had not then attained its present growth, nor science disclosed her super-human powers for fabricating wealth. If then Empire has heretofore declined and changed through “luxury,” is it not an inevitable conclusion, that Britain, with far more extended and expansive apparatus, may share a similar fate, unless the *basis* of her Political Economy be looked to, in time?

Aiming at such object, I now proceed to show, that neither in the withdrawal of an obnoxious Bill system, nor in arranging an adequate substitute, i.

there either difficulty or danger. Experience has proved that a small amount of money, circulating *rapidly*, (which a well sustained demand must always insure) is more beneficial than a large one that is sluggish. On this principle, it is believed, that 208 millions of State Notes, gradually issued, would not only replace the whole present circulation, but originate an impetus greater than the world has yet witnessed. For it must not be overlooked, that were the proposed conversion adopted, all the gold now dormant would circulate, and become available for either home or foreign purposes; at the same time, that the renovated Industry of the country would insure, at all times, a sufficiency of that metal which has hitherto commanded, and probably may continue to attract, the wealth of the world.

With regard to the time required, both for the operation just named, and to complete the transaction; it is reasonably expected (no unforeseen incident occurring) that the whole might be accomplished in two years. Two millions of State Notes, of convenient size, being issued weekly; and Bills of the highest and lowest denomination (as below*) being simultaneously withdrawn:—thus might a *fitful*, *partial* and *panic-producing* circulation, be made to MERGE in a strictly National Currency. Justice to labour being the primary object sought, it must be observed, that in thus cancelling a portion of “the Debt,” the least considerable sums invested therein ought first to engage attention—the better to insure a brisk circulation at the outset in such direction.

Thus, then, might be consummated, in two years, a reform which lies at the root of every other,—social, political, and moral,—and only requiring moral courage. Assuming 208 millions as an adequate *basis* for the representation of Britain's entire wealth; the suggested plan would not only cancel six millions annually, together with the principal, but simultaneously dissipate private responsibilities amounting to at least 500 millions! Conventionally, these latter are to be termed “private,” yet constituting the sinews of national production, and in every point of view, being a *representative power*—they as much concern the State as

**Order of withdrawing Bill circulation.*

1ST. YEAR.				2ND. YEAR.			
		£.	£.			£.	£.
Jan.	Bills under	10	above 5000	Jan.	Bills under	110	above 1900
Feb.	—	20	— 4500	Feb.	—	120	— 1800
March	—	30	— 4000	March	—	130	— 1700
April	—	35	— 3500	April	—	140	— 1600
May	—	40	— 3000	May	—	150	— 1500
June	—	45	— 2750	June	—	160	— 1400
July	—	50	— 2500	July	—	170	— 1300
Aug.	—	60	— 2400	Aug.	—	180	— 1200
Sept.	—	70	— 2300	Sept.	—	190	— 1100
Oct.	—	80	— 2200	Oct.	—	200	— 1000
Nov.	—	90	— 2100	Nov.	—	250	— 500
Dec.	—	100	— 2000	Dec.	—	300	

N.B. The mere drawing of Bills as “security,” cannot be prevented. But it is believed, to be quite within the power of the Law, to restrain the practice of Indorsation, and thereby prevent their circulation as MONEY.

the coined money of the realm. Of the "Debt," all men can form an accurate judgment; but of the injustice, oppression, and *delusions* of the Bill system, few indeed seem to possess any adequate conception. Perceived or not, however, its weight and oppression remain; and the magical effect of the contemplated return to a sound principle, would be to remove at one and the same time, both these responsibilities, *amounting together to 700 millions!** A National Boon so great, that even if it involved some mighty effort or sacrifice, the nation would do well to make,—seeing the alternative of ultimate, if not impending, ruin hangs thereon; much more when it can be brought about with such comparative ease, and with an assurance of eventual safety.

Contrasted with these expectations, it may be added, that so long as the most gigantic undertakings are tolerated,—which an irresponsible Bill system can alone call forth or sustain,—opportunities for "bubble investments" can never be wanting. But not so, if the whole Note circulation had not only the quality, but imposed the *necessities* of "hard cash." Were Loans, Mines, Railways, Schemes and Agencies of every name, kind, and degree, at home and abroad, necessitated to be constructed out of Cash, and not from a spurious credit, how few had been their comparative number! Yet, on the other hand, how large had been the security to the country generally, and how small the risk! Nay, when "commercial panic" impends, may it not fairly be asked, whether a like principle of recklessness does not apply to some of the Trading operations of the day? Showing, not only that the manufacturer is concerned in this question—but also, the real origin of "overproduction," and "overpopulation." What is the manufacturer's position, but one of uncertainty, gloom, and difficulty, both as respects the present and future? Whereas, were the currency rendered just; like the restored constitution of an invalid, not only recovery, but increased health, (the complaint even being of long standing,) would be the natural, the necessary consequence.

The precise manner in which the hitherto clogged up channels of industry would expand or become replenished, need not be enlarged upon. With the fall

* All this, at first sight, may seem incredible; yet when it is considered that hundreds of millions have been sacrificed to Panics, more or less clearly defined, and that the commerce which has employed half the nation, and raised revenue to its present level, is averred to be carried on *without a profit*; surely the scheme may fairly solicit no ordinary attention. Desperate as the disease would seem to be, however, the remedy proposed is nothing more than an anticipation of the overflow of capital, (the cause of all panics,) and the prevention of its ruinous consequences, by changing its beneficial current into channels *from which it ought never to have deviated*. In thus stating the case, I merely follow in the wake of distinguished ornaments of the Bench, the Church, the Senate, and the Press—all of whom, from time to time, have descanted upon the *palpable disparity* of the People's condition. Although it was necessary to state details, I am not wedded to any of them, provided the whole community's MOST SACRED TRUST,—its monetary credit,—be subjected to the Crown. When the present confusion of politics, morbid restlessness, and progressive demand on toil, shall have passed away; it will be discerned that—in modern times—there are dark as well as bright phases connected with the question I have ventured to touch, which neither the modern political economist, nor business men, have taken into account!

of the Money monopoly, everything unhealthy in competition, disastrous in speculation, or artificial in society, would thenceforward cease,—and wages, property, and taxation, alike find their “level,” in a sense never before realized. The true “membership” of society, long theoretically admitted, but practically denied, being ratified; thenceforth, the head, heart, and extremities, like the action produced by the veins and arteries of the human body, would move on in harmony! The Statesman, borne down with ceaseless toil, and the public, over-excited by the novel powers for creating wealth, in the vortex of opinion, may well claim exemption from any considerable blame in the matter. Nay, the “millionaire” may be excused, if he has not contemplated all the mischief he has unwittingly been the author of—or have imputed his success to superior wisdom, or any thing rather than the right cause,—an anti-social and self-serving monetary agent.

Adverting to possibilities; finally it is to be observed, that even the fall of such a country as Britain, cannot but be progressive, or more correctly speaking, gradual. With resources all but boundless, inexhaustible energies, and an accumulation of credit such as the Bill system offers—panic after panic may be overcome, ere the last fearful crisis arrive. Yet what a reflection on the “intelligence” of the age—that advantages, powers, and capabilities, so stupendous, should be overtaken by such a fate!—That all the parties to whom allusion has yet been made, in the bustle of life, should vaguely believe in the *inevitability* of such a catastrophe, may be excused:—but that the philosopher in his closet, should for a moment entertain so monstrous a conception, betrays a perversion of human reason utterly inexplicable. No social necessity is so indelibly stamped with truth, I had almost said with Divine truth, as a currency comprehensively just; and till this is publicly and authoritatively acknowledged, and in all its plenitude established,—it is utterly vain to expect anything but class disquietude, or that the sons of toil should be otherwise than dissatisfied. The law which governs the destiny of nations, at any rate, is absolute; and that law prescribes, that Labour and Property are one in their origin, their progress, and their decay. If then the picture herein drawn of the Bill “accommodation” system, be stamped with truth, as in its main features it unquestionably is; then REPRESENTATIVE as it professes to be, the hour must arrive when the heights and depths of such responsibility must be fathomed. In other words, when its capacity, or power, both to employ labour and substantiate its own “promises to pay,” cannot but be put to the proof; and when, in the event of failure, as fail it must, the nation will have to reap a harvest of bankruptcy, distress and bitter disappointment, sufficient to appal the stoutest heart!